

105TH CONGRESS
2D SESSION

S. 2418

To establish rural opportunity communities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 31, 1998

Mr. JEFFORDS (for himself, Mr. LEAHY, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish rural opportunity communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Opportunity
5 Communities Act of 1998”.

6 **SEC. 2. FUNDING ENTITLEMENT FOR RURAL OPPORTUNITY**
7 **COMMUNITIES AND ADDITIONAL ENTER-**
8 **PRISE ZONES.**

9 (a) ENTITLEMENT.—Paragraph (1) of section
10 2007(a) of the Social Security Act (42 U.S.C. 1397f(a))
11 is amended—

1 (1) in subparagraph (A), by striking “in the
2 State; and” and inserting “in the State designated
3 pursuant to section 1391(b) of the Internal Revenue
4 Code of 1986;”,

5 (2) in subparagraph (B), by striking the period
6 at the end and inserting a semicolon, and

7 (3) by adding at the end the following new sub-
8 paragraphs:

9 “(C) 2 grants under this section for each rural oppor-
10 tunity community in the State designated pursuant to sec-
11 tion 3 of the Rural Opportunity Communities Act of 1998;
12 and

13 “(D) 10 grants under this section for each qualified
14 empowerment zone in the State designated pursuant to
15 section 1391(g) of such Code.”.

16 (b) AMOUNT OF GRANTS.—Paragraph (2) of section
17 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

18 (1) in the heading of subparagraph (A), by
19 striking “EMPOWERMENT” and inserting “ORIGINAL
20 EMPOWERMENT”,

21 (2) in subparagraph (A), in the matter preced-
22 ing clause (i), by inserting “described in paragraph
23 (1)(A)” after “empowerment zone”,

24 (3) by redesignating subparagraph (C) as sub-
25 paragraph (E), and

(4) by inserting after subparagraph (B) the following new subparagraphs:

“(C) RURAL OPPORTUNITY COMMUNITIES.—The amount of each grant to a State made under this section for each rural opportunity community described in paragraph (1)(C) is \$1,000,000, multiplied by the proportion of the population of the community that resides in that State.

“(D) ADDITIONAL EMPOWERMENT GRANTS.—The amount of each grant to a State made under this section for a qualified empowerment zone described in paragraph (1)(D) shall be—

“(i) if the zone is designated in an urban area, \$10,000,000, or

“(ii) if the zone is designated in a rural area, \$3,600,000,

multiplied by the proportion of the population of the zone that resides in that State.”.

(c) TIMING OF GRANTS.—Paragraph (3) of section 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

(1) in the heading of subparagraph (A) by striking “QUALIFIED” and inserting “ORIGINAL QUALIFIED”,

1 (2) in subparagraph (A), in the matter preced-
 2 ing clause (i), by inserting “described in paragraph
 3 (1)(A)” after “empowerment zone”, and

4 (3) by adding at the end the following new sub-
 5 paragraphs:

6 “(C) RURAL OPPORTUNITY COMMU-
 7 NITIES.—With respect to each rural oppor-
 8 tunity community described in paragraph
 9 (1)(C), the Secretary shall make 1 grant under
 10 this subsection to the State (or, if applicable, to
 11 the governing body of the Indian tribe or tribal
 12 organization of the area) in which the rural op-
 13 portunity community lies—

14 “(i) on the date of the designation of
 15 the community under section 3 of the
 16 Rural Opportunity Communities Act of
 17 1998; and

18 “(ii) on the first day of the first fiscal
 19 year that begins after such date of des-
 20 ignation.

21 “(D) ADDITIONAL QUALIFIED EMPOWER-
 22 MENT ZONES.—With respect to each qualified
 23 empowerment zone described in paragraph
 24 (1)(D), the Secretary shall make 1 grant under
 25 this subsection to the State (or, if applicable, to

1 the governing body of the Indian tribe or tribal
 2 organization of the area) in which the zone
 3 lies—

4 “(i) on the date of the designation of
 5 the zone under such part I; and

6 “(ii) on the first day of each of the
 7 nine fiscal years that begin after such date
 8 of designation.”.

9 (d) FUNDING.—Paragraph (4) of section 2007(a) of
 10 such Act (42 U.S.C. 1397f(a)) is amended—

11 (1) by redesignating the matter following the
 12 caption as subparagraph (A), by indenting such
 13 matter, and by moving such matter 2 ems to the
 14 right,

15 (2) by inserting “ORIGINAL GRANTS.—” after
 16 the subparagraph designation “(A)”,

17 (3) in subparagraph (A), as so redesignated, by
 18 inserting before the period “for empowerment zones
 19 and enterprise communities described in subpara-
 20 graphs (A) and (B) of paragraph (1)”, and

21 (4) by adding at the end the following new sub-
 22 paragraph:

23 “(B) ADDITIONAL GRANTS.—
 24 \$1,700,000,000 shall be made available to the
 25 Secretary under this section for—

1 “(i) grants for rural opportunity com-
 2 munities described in paragraph (1)(C),
 3 and
 4 “(ii) grants for empowerment zones
 5 described in paragraph (1)(D).”.

6 **SEC. 3. RURAL OPPORTUNITY COMMUNITIES.**

7 (a) DEFINITIONS.—For purposes of this section—

8 (1) LEAD MANAGING ENTITY.—The term “lead
 9 managing entity” means a nonprofit community-
 10 based organization or unit of general purpose local
 11 government (including an Indian tribal governmental
 12 body), as determined by the Secretary.

13 (2) SECRETARY.—The term “Secretary” means
 14 the Secretary of Agriculture.

15 (b) DESIGNATION.—The Secretary may designate not
 16 more than 10 rural opportunity communities under this
 17 section.

18 (c) ELIGIBLE AREAS.—

19 (1) LOCATION.—An area designated as a rural
 20 opportunity community under this section must in-
 21 clude—

22 (A) except as provided in subparagraph
 23 (B), the entire area of at least 1, but not more
 24 than 4, rural contiguous counties (or, if applica-

1 ble, parishes or State boroughs), as determined
2 by the Secretary; and

3 (B) in the case of a community located in
4 an Indian reservation, the entire area of such
5 reservation.

6 (2) ECONOMIC DISTRESS.—An area designated
7 as a rural opportunity community under this section
8 must demonstrate economic distress resulting from
9 any of the following factors during the most recent
10 5-year time period: poverty, unemployment, under-
11 employment, major industry disruption, Department
12 of Defense base closings, or other factors as deter-
13 mined appropriate by the Secretary.

14 (3) LIMITATION ON DESIGNATIONS.—No area
15 may be designated under this section unless the lead
16 managing entity certifies that no portion of the area
17 nominated is already included in an empowerment
18 zone or in an enterprise community or in an area
19 otherwise nominated to be designated under section
20 1391 of the Internal Revenue Code of 1986.

21 (d) APPLICATION.—

22 (1) IN GENERAL.—Applications for designation
23 of an area as a rural opportunity community shall
24 be prepared by the lead managing entity and sub-
25 mitted to the Secretary.

1 (2) REQUIRED ITEMS.—No area may be des-
2 ignated under this section unless the application for
3 designation—

4 (A) demonstrates that the nominated area
5 satisfies the eligibility criteria described in this
6 section; and

7 (B) includes a 10-year strategic plan for
8 accomplishing the purposes of this section
9 that—

10 (i) describes the coordinated eco-
11 nomic, human, community, and physical
12 development plan and related activities
13 proposed for the nominated area;

14 (ii) describes the process by which the
15 affected community is a full partner in the
16 process of developing and implementing
17 the plan and the extent to which local in-
18 stitutions and organizations have contrib-
19 uted to the planning process;

20 (iii) identifies the sources of local,
21 tribal, and private resources that will be
22 available in the nominated area and the
23 private/public partnerships to be used,
24 which may include participation by, and

1 cooperation with, universities, medical cen-
 2 ters, and other private and public entities;

3 (iv) identifies baselines, methods, and
 4 benchmarks for measuring the success of
 5 carrying out the strategic plan, in accord-
 6 ance with criteria established by the Sec-
 7 retary, including the extent to which per-
 8 sons and families will be empowered to be-
 9 come economically self-sufficient; and

10 (v) does not include any action to as-
 11 sist any establishment in relocating from 1
 12 area outside the nominated area to the
 13 nominated area, except that assistance for
 14 the expansion of an existing business en-
 15 tity through the establishment of a new
 16 branch, affiliate, or subsidiary is permitted
 17 if—

18 (I) the establishment of the new
 19 branch, affiliate, or subsidiary will not
 20 result in a decrease in employment in
 21 the area of original location or in any
 22 other area where the existing business
 23 entity conducts business operations;
 24 and

1 (II) there is no reason to believe
 2 that the new branch, affiliate, or sub-
 3 sidiary is being established with the
 4 intention of closing down the oper-
 5 ations of the existing business entity
 6 in the area of its original location or
 7 in any other area where the existing
 8 business entity conducts business op-
 9 erations; and
 10 (vi) includes such other information
 11 as may be required by the Secretary.

12 (e) PERIOD FOR DESIGNATION.—

13 (1) IN GENERAL.—A designation made under
 14 this section must be made by the Secretary before
 15 January 1, 2000.

16 (2) REVOCATION OF A DESIGNATION.—The
 17 Secretary may revoke the designation under this sec-
 18 tion of an area if the Secretary determines that the
 19 applicable lead managing entity—

20 (A) has modified the boundaries of the
 21 area; or

22 (B) is not complying substantially with or
 23 fails to make progress in achieving the bench-
 24 marks set forth in, the strategic plan under
 25 subsection (d)(2)(B).

1 **SEC. 4. RECOGNITION AND INCENTIVES FOR WELL PER-**
 2 **FORMING ENTERPRISE COMMUNITIES.**

3 (a) PRIORITY GIVEN TO WELL PERFORMING ENTER-
 4 PRISE COMMUNITIES.—Subparagraph (D) of section
 5 1391(g)(3) of the Internal Revenue Code of 1986 (relating
 6 to modifications to eligibility criteria, etc.) is amended to
 7 read as follows:

8 “(D) PREVIOUSLY DESIGNATED ENTER-
 9 PRISE COMMUNITIES MAY BE INCLUDED.—

10 “(i) IN GENERAL.—Subsection (e)(5)
 11 shall not apply to any enterprise commu-
 12 nity designated under subsection (a) that
 13 is also nominated for designation under
 14 this subsection.

15 “(ii) PRIORITY.—In ranking nomina-
 16 tions for designation as an empowerment
 17 zone under paragraph (1), the appropriate
 18 Secretary may, in such Secretary’s discre-
 19 tion, give additional points in the designa-
 20 tion process for any nominated area if
 21 such area includes a well-performing enter-
 22 prise community.”.

23 (b) RECOGNITION OF WELL PERFORMING EM-
 24 POWERMENT ZONES AND ENTERPRISE COMMUNITIES.—
 25 Section 1391 of the Internal Revenue Code of 1986 (relat-

1 ing to designation procedure) is amended by adding at the
 2 end the following new subsection:

3 “(h) RECOGNITION OF WELL PERFORMING EM-
 4 POWERMENT ZONES AND ENTERPRISE COMMUNITIES.—
 5 For purposes of subsection (g)—

6 “(1) IN GENERAL.—The appropriate Secretary
 7 shall—

8 “(A) recognize annually the well perform-
 9 ing empowerment zones and enterprise commu-
 10 nities, and

11 “(B) disseminate the best practices of the
 12 well performing empowerment zones and enter-
 13 prise communities to other designated empower-
 14 ment zones and enterprise communities.

15 “(2) WELL PERFORMING EMPOWERMENT ZONE
 16 AND ENTERPRISE COMMUNITY.—The terms ‘well
 17 performing empowerment zone’ and ‘well performing
 18 enterprise community’ mean an empowerment zone
 19 or an enterprise community, as the case may be,
 20 that, as of the end of the applicable period of evalua-
 21 tion, has completed or made substantial progress in
 22 the implementation of the strategic plan submitted
 23 in the application for designation as an empower-
 24 ment zone or an enterprise community under this

1 section, as determined by the appropriate Sec-
2 retary.”.

3 (c) ADDITIONAL FUNDING FOR URBAN EMPOWER-
4 MENT ZONES AND ENTERPRISE COMMUNITIES DEM-
5 ONSTRATING SATISFACTORY PERFORMANCE.—

6 (1) SOURCE OF FUNDING.—Notwithstanding
7 any other provision of law, the Secretary of Health
8 and Human Services shall set aside 10 percent of
9 the amounts otherwise made available for urban em-
10 powerment zones after the date of the enactment of
11 this Act under title XX of the Social Security Act
12 (42 U.S.C. 1397 et seq.) or under any other provi-
13 sion of law, and such amount set aside shall be used
14 as provided under paragraphs (2) and (3).

15 (2) DISTRIBUTION OF FUNDS.—The Secretary
16 of Health and Human Services shall, at the direction
17 of the Secretary of Housing and Urban Develop-
18 ment, make funds available to any urban empower-
19 ment zone or enterprise community from the amount
20 set aside under paragraph (1), if the Secretary of
21 Housing and Urban Development determines that
22 such zone or community has completed or made sat-
23 isfactory progress in the implementation of its ap-
24 proved strategic plan.

1 (3) USE OF FUNDS.—Amounts distributed
2 under paragraph (2) shall be used by an urban em-
3 powerment zone or enterprise community to continue
4 to implement its approved strategic plan.

○